



Farsight

## MORNING FARSIGHT

Friday, June 15, 2018

**MAYUR UNIQUOTERS**

**CMP:RS 445**

**TRGT:RS 550**

**TIME HORIZON: 1 YEAR**

Mayur Uniquoters, having largest installed capacity for manufacturing of synthetic leather in domestic organized segment, with capacity of 366 lakh linear meters per annum (LLMPA) and making more than 400 variants of artificial leather from PVC polymer, which finds application in footwear (shoes/sandals insole and uppers), automotive (seat upholstery and inner linings), furniture & fashion items (apparel) etc, is looking a good buy, post recent stock price correction and decent QFY18 earnings. For Q4FY18, Mayur Uniquoters has reported PAT of Rs. 24.2 crores against Rs. 21.8 cr QoQ and Rs. 18.3 cr YoY, a growth of 11% QoQ and 32% YoY, with PAT margin of 17.3% for Q4 and 16.1% for FY18, leading to an EPS of Rs. 5.3 for Q4 and Rs. 21.2 for FY18. Company has strong and diversified client base across industries, like Bata, Relaxo, VKC, Paragon, Maruti Suzuki, Mahindra & Mahin.do, Baggit etc., with longstanding relationship. Company enjoys high PAT margin despite being present in otherwise fragmented and unorganized synthetic leather industry, mainly due to its focus on in-house product development / innovation, adequate backward integration and focus on high margin products (both in domestic and export market). As on 31-3-2018, company had Cash & liquid investments of Rs. 185 cr, with no debt, resulting in Cash Per Share of Rs. 40. On reported EPS of Rs. 20 and EBITDA of Rs. 150 crores for FY18, stock is trading at PE (net of cash) of 17.5x and EV/EBITDA of 11.5x. Also, going ahead, Rs. 90 crores investment in PU leather manufacturing unit in Gwalior is expected to start contributing from Q1FY20, with the company having already placed orders for the machinery for its 1st line in the 4-line capacity unit Management has also updated on the follow-up 3rd round of inspection from Mercedes, due in early Q3FY19 and they expect order inflows to begin from FY20. Further, BMW is also expected to conduct 1st round of VDA inspection during H2FY19. Promoters are holding —61% stake, while —22% is held by the institutional houses. Share ruling at Rs. 445 has corrected from Rs. 568 seen on January 15th and can move to Rs. 550 in next 1 Year. Buy as an investor

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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

**Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.**